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SUBJECT: HONG KONG TO BEIJING: WE WANT A ROLE

REF: A. HONG KONG 1984
[1](#)B. HONG KONG 1847

Classified By: Acting Consul General Christopher Marut for reasons 1.4
(B,D).

[1](#)1. (C) Summary and Comment: The Hong Kong government (HKG) has embarked on all-out effort to be included in China's 12th Five-Year Plan (FYP), due to start in 2011. Spurred by fears of being marginalized and buoyed by overwhelming public support, Chief Executive Donald Tsang in his October Policy Address emphasized the need for closer economic cooperation with the Mainland (ref a). His Administration, led by the Chief Secretary, is now pushing its own proposals for Beijing to consider as talks on the next FYP begin. The HKG hopes Beijing will support Hong Kong's development in eight key areas: finance, education and training, environment, high-tech/new-tech, culture, creative industries, regional development/infrastructure, and transport/logistics. Hong Kong officials and mainland economic planners have been meeting since the beginning of the year, a marked departure from the 11th FYP where Hong Kong did not engage until late in the drafting process. Contacts differ on the level of success Hong Kong will have in securing Beijing's backing for its plans. Whatever the outcome, the HKG's new proactive approach is a development that many consider long overdue. Looking beyond the 12th FYP, the HKG will need to maintain this level of aggressiveness to be a relevant player in the mainland's development and in central government policies that impact Hong Kong. End Summary and Comment

FEARS, PUBLIC SUPPORT SPUR GOVERNMENT

[1](#)2. (SBU) Amid fears that it is being marginalized, Hong Kong is clamoring to remain relevant by actively campaigning for a seat at the table as the mainland's top economic planning body the National Development and Reform Commission (NDRC) begins preliminary work on the 12th Five-Year Plan (FYP). As other Chinese cities boom, Hong Kong is left feeling anxious it may be missing the "express train" of the mainland's rapid development, explained veteran political commentator and columnist Frank Ching. He sees Hong Kong's fears of being marginalized as valid. The more open and successful China became, the less China needed Hong Kong, Ching contended. Other contacts agreed Hong Kong could no longer afford to stand idly by and settle for just a few references in the Mainland's main economic blueprint. (Note: The current 90-page 11th FYP mentions Hong Kong in only two lines of text that stated the central government's support for preserving Hong Kong's status as an international financial, trade and logistics hub. End Note)

[1](#)3. (C) Another factor contributing to the HKG's more aggressive stance is the high level of public support for greater involvement in the next FYP. The Central Policy Unit (CPU - the Hong Kong government's in-house think-tank) recently conducted a poll that revealed more than 70 percent

of respondents felt Hong Kong needed greater participation in drafting the next FYP. A similar proportion hoped the plan would elaborate on the city's role in China's development. CPU Senior Researcher Shiu Sin-por noted that, in contrast, previous polls on Hong Kong's relationship with China showed Hong Kongers did not care about the issue in 1992 and were extremely resistant to engaging the Mainland in 1997. The Hong Kong public no longer feared that China would take over planning for Hong Kong, Shiu contended. (Note: Shiu reportedly was brought into CPU for his research background and knowledge of Hong Kong and mainland issues. A local deputy to the Chinese People's Political Consultative Conference, Shiu is seen by many as a Beijing ally with strong views against Hong Kong's democratization. End Note) Ching similarly felt that Hong Kongers had largely abandoned the concern that China would "contaminate" Hong Kong.

ALL ON BOARD

14. (C) According to Shiu, since at least 2007, Chief Secretary Henry Tang has headed a steering committee comprised of representatives from key policy bureaus to examine ways the HKG can play a meaningful role in the 12th FYP planning process. The effort, coordinated by the Constitutional and Mainland Affairs Bureau (CMAB) and supported by CPU, aims to engage the Mainland in eight areas -- finance, education and training, environment, high-tech/new-tech, culture, creative industries, regional development/infrastructure, and transport/logistics. The policy bureaus responsible for the eight areas were expected

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to draft "mini five-year plans" that would discuss specific projects and initiatives for Beijing to consider for the FYP, Shiu explained. CPU hoped to see these plans completed early so NDRC would have them as references before drafting of the FYP begins in mid-2010. Shiu warned that once the NDRC put pen to paper, it would be "extremely difficult" to get substantive changes made.

15. (C) Shiu explained that this effort had already seen unprecedented levels of engagement between Hong Kong officials and academics and mainland counterparts in the past year. CPU organized a two-day conference in Hong Kong in September where day two consisted of closed-door one-on-one discussions between Hong Kong and NDRC officials. Similarly, twenty Hong Kong academics in October joined top officials from NDRC and the central government's Hong Kong and Macau Affairs Office for a closed-door seminar. Director of One Country, Two Systems (OCTS - a well-connected and well-funded think-tank whose chairman is C.Y. Leung, the Executive Council convenor widely touted as a top contender to become Hong Kong's next Chief Executive) Cheung Chi Kong told us his institute also had helped facilitate trips for Hong Kong economic experts to meet with mainland counterparts. CPU hoped to organize another seminar in June for both sides to further examine how Hong Kong's proposals could complement the Mainland's economic needs, said Shiu.

WILL HONG KONG'S EFFORTS PAY OFF?

16. (C) Despite increased interaction between Hong Kong officials and mainland economic planners, Shiu was concerned that Hong Kong bureaucrats lacked an understanding of China's political culture and process. Shiu said CPU was trying to convince Hong Kong officials they needed to propose very specific, well-thought out and researched projects for Beijing's consideration. Otherwise, Beijing might simply include some perfunctory language about Hong Kong in the FYP. No concrete action would follow if Hong Kong did not table viable plans. The goal, Shiu insisted, was not to just get a mention in the FYP but actually get the central government to

commit to specific initiatives. Furthermore, Shiu worried CMAB lacked the manpower and expertise to properly coordinate the government's efforts. While he was encouraged by Chinese State Councilor Liu Yandong's recent comments about the central government studying what functions Hong Kong and Macau could serve in China's reforms and devising a mechanism for the two territories' participation, Shiu cautioned it was still very difficult to predict how big a role Beijing will allow Hong Kong to play.

17. (C) OCTS' Cheung and political commentator Ching were more optimistic about Hong Kong's chances of securing a meaningful role. Cheung told us his mainland contacts had indicated the central government was receptive to an increased role for Hong Kong. He also was encouraged by what he described as a Hong Kong government that has had a "drastic" change in attitude and that is now "very serious" about being involved in the FYP. Ching contended Beijing did not want to see Hong Kong fail. The international community considered Hong Kong a success under British rule so for Hong Kong to fail under Chinese rule would be embarrassing for Beijing, Ching reasoned.

MARUT